

BANK INDONESIA

BANK INDONESIA REGULATION

NUMBER 15/5/PBI/2013

CONCERNING

THE SECOND AMENDMENT TO BANK INDONESIA REGULATION NUMBER
12/11/PBI/2010 CONCERNING MONETARY OPERATION

WITH THE BLESSINGS OF THE ONE ALMIGHTY GOD

THE GOVERNOR OF BANK INDONESIA,

Considering: a. that in order to strengthen monetary operation and manage liquidity excess through a monetary operational strategy, which extends the maturity profile of a monetary operational instrument, it is necessary to enrich instruments, which may bring liquidity from currently concentrated short term to a longer term;

b. the instruments are necessary to meet demands of market actors to simultaneously allow supporting financial market deepening efforts;

c. whereas based on the foregoing considerations as referred to in letter a and letter b, it is necessary to amend Bank Indonesia Regulation Number 12/11/PBI/2010 on Monetary Operations;

Observing : a. Act Number 7 Year 1992 concerning Banking (State Gazette of the Republic of Indonesia Year 1992 Number 31, Supplement to State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 Year 1998 (State Gazette of the Republic of Indonesia of 1998 Number 182, Supplement to State Gazette of the Republic of Indonesia Number 3790);

b. Act Number 23 Year 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Year 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) as last amended by Act Number 6 Year 2009 concerning the Stipulation of Government Regulation in Lieu of Act Number 2 Year 2008 concerning the Second Amendment to Act Number 23 Year 1999 concerning Bank Indonesia to become Act (State Gazette of the Republic of Indonesia Year 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);

HAS DECIDED

To stipulate: BANK INDONESIA REGULATION CONCERNING THE SECOND AMENDMENT TO BANK INDONESIA REGULATION NUMBER 12/11/PBI/2010 CONCERNING MONETARY OPERATIONS

Article I

Several provisions of Bank Indonesia Regulation Number 12/11/PBI/2010 concerning Monetary Operations (State Gazette of the Republic of Indonesia Year 2010 Number 84, Supplement to State Gazette of the Republic of Indonesia Number 5141) as amended by Bank Indonesia Regulation Number 14/5/PBI/2012 (State Gazette of the Republic of Indonesia Year 2012 Number 130, Supplement to State Gazette of the Republic of Indonesia Number 5321) shall be amended as follows:

1. One new number, 7a, is inserted between Article 1 number 7 and Article 1 number 8, and therefore, Article 1 reads as follows:

Article 1

Referred to herein as:

1. Bank shall be Commercial Banks as referred to in the applicable Act concerning Banking, concerning Banking, conducting conventional business activities.
2. Monetary Operation shall be the implementation of monetary policies by Bank Indonesia in the context of monetary management through open market operations and standing facilities.
3. Open Market Operation, hereinafter referred to as ~~OPT~~OMO, shall be transactions in the money market conducted by Bank Indonesia with Banks and/or other parties in the context of Monetary Operations.
4. Standing Facilities shall be rupiah lending facility from Bank Indonesia to Banks and deposit facility by Banks at Bank Indonesia in the context of Monetary Operations.

5. Liquidity Absorption shall be the reduction of liquidity in rupiah money market through Monetary Operations.
6. Liquidity Injection shall be the addition of liquidity increase in rupiah money market through Monetary Operations.
7. Bank Indonesia Certificate, hereinafter referred to as SBI, shall be securities in rupiah currency issued by Bank Indonesia as acknowledgment of short term indebtedness.
- 7a. Bank Indonesia Deposit Certificate, hereinafter referred to as SDBI, shall be securities in rupiah currency issued by Bank Indonesia as acknowledgment of short term indebtedness, which may only be traded between Banks.
8. Sovereign Securities, hereinafter referred to as SBN, shall be Sovereign Debt Securities and Sovereign Sharia Securities.
9. Sovereign Debt Securities, hereinafter briefly referred to as SUN, shall be securities in the form of acknowledgment of indebtedness in rupiah currency or foreign currency, the payment of interest and principal of which guaranteed by the Government of Republic of Indonesia, in accordance with the validity thereof, as referred to in the applicable Act.
10. Sovereign Sharia Securities, hereinafter referred to as SBSN, or may be referred to as Sovereign Sukuk, shall be SBN issued based on the sharia principles, either in rupiah currency or foreign currency, as proof of participation in SBSN assets, as referred to in the applicable Act.

11. Bank Indonesia-Scripless Securities Settlement System, hereinafter referred to as BI-SSSS, shall be a medium of transactions with Bank Indonesia, including their administration, and administration of securities in an electronic manner and directly connected between participants, operator, and Bank Indonesia-Scripless Securities Settlement System.
 12. Bank Indonesia-Real-Time Gross Settlement System, hereinafter referred to as BI-RTGS, shall be an electronic fund transfer system between BI-RTGS System participants in rupiah whose settlements are made real-time per individual transaction.
2. The provisions of Article 5 shall be amended, and therefore, Article 5 reads as follows:

Article 5

The Open Market Operation (OMO) activities shall include:

- a. issuance of SBI and SDBI;
 - b. transaction on repurchase agreement (repo) and reverse repo of securities;
 - c. transaction on outright purchase and sale of securities;
 - d. term deposit with Bank Indonesia in rupiah;
 - e. term deposit with Bank Indonesia in foreign currencies;
 - f. sale and purchase of foreign currencies against rupiah; and
 - g. other transactions in rupiah money market and foreign currencies.
3. Provisions of Chapter IV are amended, and therefore, Chapter IV reads as follows:

CHAPTER IV

ISSUANCE OF BANK INDONESIA CERTIFICATE AND BANK
INDONESIA DEPOSIT CERTIFICATE

Article 11

(1) SBI issued by Bank Indonesia shall have the following characteristics:

- a. having tenure of 1 (one) month at the minimum and 12 (twelve) months at the maximum stated in a number of days and commenced ~~calculated~~ as of 1 (one) day following the settlement date up to the maturity date;
- b. issued and traded in a discount system;
- c. issued in a scripless format; and
- d. negotiable.

(2) SDBI issued by Bank Indonesia shall have the following characteristics:

- a. having tenure of 1 (one) month at the minimum and 12 (twelve) months at the maximum stated in a number of days and commenced ~~calculated~~ as of 1 (one) day following the settlement date up to the maturity date;
- b. issued and traded in a discount system;
- c. issued in a scripless format; and
- d. may only be owned by Banks; and
- e. negotiable only between Banks.

Article 12

- (1) Bank Indonesia shall administer SBI and SDBI in an electronic administration system through Book Entry Registry System in BI-SSSS.
- (2) The administration system managed by Bank Indonesia as referred to in paragraph (1) shall include a system for recording ownership and settlement of transaction on SBI and SDBI.
- (3) SBI and SDBI ownership recording system as referred to in paragraph (2) shall be in a scripless format.
- (4) Bank Indonesia may appoint another party to support the SBI and SDBI administration as referred to in paragraph (1).
- (5) In the event that another party appointed to support the SBI and SDBI administration as referred to in paragraph (4) cannot fulfill the requirements set out by Bank Indonesia or ceases to terminate their business operations activities, Bank Indonesia shall have the authority to revoke the appointment.

Article 13

- (1) ~~During~~~~Within~~ a certain tenure~~period~~ as from holding~~owning~~ SBI, any SBI holder~~owners~~ shall be prohibited from making transactions for their SBI with any other parties.
- (2) The provision as referred to in paragraph (1) will not be applicable to SBI transactions by Monetary Operations participants with Bank Indonesia.
- (3) Another party appointed to support SBI administration as referred to in Article 12 paragraph (4), must administer SBI of their

customers by complying~~meeting~~ with the provisions as referred to in paragraph (1).

- (4) Further provisions on the tenure~~for the period~~ as referred to in paragraph (1) shall be set out ~~specified~~ in a Bank Indonesia Circular Letter.

Article 13A

- (1) Banks may not be making SDBI transactions with any parties other than Banks.
- (2) The provision as referred to in paragraph (1) will not be applicable~~apply~~ SDBI transactions with Bank Indonesia.
- (3) Another party appointed to support SDBI administration as referred to in Article 12 paragraph (4) must administer SBI of their customers by complying~~meeting~~ with the provisions as referred to in paragraph (1).
- (4) If SDBI is owned by any parties other than Banks, Bank Indonesia shall~~will~~ redeem the SDBI prior to the maturity date (early redemption).

Article 14

- (1) Bank Indonesia shall ~~will~~ redeem SBI and SDBI upon~~on~~ the maturity date in their nominal value~~amount~~.
- (2) Bank Indonesia may redeem SBI and SDBI prior to the maturity date with the agreement of SBI and SDBI owners.
4. Between Article 21 and Article 22, 1 Article, namely Article 21A, is inserted, which reads as follows:

Article 21A

Any Banks and/or other parties appointed to support SDBI administration, which breach the provisions of Article 13A, shall be imposed with the following sanctions:

- a. written reprimand~~admonition~~; and
- b. financial penalty~~payment obligation~~ in the amount of 0.01% (one per ten thousand) of the nominal value of the ineligible SDBI transaction in the minimum amount of Rp10,000,000.00 (ten million rupiah) and in the maximum amount of Rp100,000,000.00 (one hundred million rupiah) per day.

Article II

This Bank Indonesia Regulation shall come into ~~starts to take~~ effect ~~as from its establishment~~ on the date of its stipulation.

For public recognition, it is hereby ordered that this Bank Indonesia Regulation be promulgated by placing it in the State Gazette of the Republic of Indonesia.

Stipulated~~Established~~ in Jakarta

On ~~27~~-August 27, 2013

THE GOVERNOR OF BANK

INDONESIA,

(signed)

AGUS D.W. MARTOWARDOJO

Promulgated in Jakarta

On ~~27~~ August 27, 2013

THE MINISTER OF LAW AND HUMAN RIGHTS OF

THE REPUBLIC OF INDONESIA,

(signed)

AMIR SYAMSUDDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2013 NUMBER

144

DPM

BANK INDONESIA

ELUCIDATION

ON

~~REGULATION OF BANK INDONESIA REGULATION~~

NUMBER 15/5/PBI/2013

CONCERNING

THE SECOND AMENDMENT TO BANK INDONESIA REGULATION NUMBER
12/11/PBI/2010 CONCERNING MONETARY OPERATIONS

GENERAL

Domestic financial market condition that experiencing structural liquidity excess makes bank liquidity management tend to have a very short term and unable to optimally contribute to financial market deepening. It results in daily monetary operations in a relatively large volume.

In order to increase monetary operations effectiveness and support financial market deepening, Bank Indonesia conducts monetary operations strengthening and liquidity excess management. They are realized by applying the strategy to extend the maturity profile of monetary operation instruments, one of which is through instrument enrichment, which may bring the currently concentrated short term liquidity to a longer term. Extension of the instrument maturity profile also considers market actor needs and simultaneously supports financial market deepening efforts. The extension is also implemented by considering efforts to maintain financial system stability, which supports sustainable economic growth.

Therefore, Bank Indonesia improves Bank Indonesia Regulation No. 12/11/PBI/2010 concerning Monetary Operations.

ARTICLE BY ARTICLE

Article I

Number 1

Article 1

Self-explanatory.

Number 2

Article 5

Letter a

Referred to as “SBI and SDBI issuance” shall be SBI and SDBI sale by Bank Indonesia in the primary market.

Letter b

Referred to as “Transaction on repurchase agreement (repo)” shall be the transaction on sale of securities by Monetary Operation participants to Bank Indonesia with repurchase obligation by Monetary Operation participants according to the agreed price and period~~term~~.

Referred to as “reverse repo transaction” shall be the transaction on the purchase of securities by Monetary Operation participants and Bank Indonesia with resale obligation by Monetary Operation participants according to the price and term agreed.

Referred to as “Securities” shall be SBI, SDBI, SBN, and other securities with high quality and ~~easily~~ highly liquidated securities determined by Bank Indonesia.

Letter c

Referred to as “Transaction on outright purchase and sale of securities” shall be the transaction on out-and-out purchase and sale of securities~~purchase and sale of securities in an outright manner.~~

Referred to as “Securities” shall be SBN and other securities with high quality and highly liquid securities determined by Bank Indonesia.

Letter d

Referred to as “Term deposit” shall be deposit of funds in rupiah owned by Monetary Operation participants in a termed manner with Bank Indonesia.

Letter e

Self-explanatory.

Letter f

Sale of foreign currencies against rupiah is made among others in the form of spot, forward, and swap.

Referred as to “Spot” shall be sale/purchase between foreign currencies and rupiah where fund is transferred within 2 (two) business days after transaction date. The transaction may be negotiated with foreign transfer in the same day (today) or 1 (one) business day after transaction date (tomorrow).

Referred as to “Forward” shall be sale/purchase between foreign currencies and rupiah where fund is transferred

within more than 2 (two) business days after transaction date.

Referred as to “Swap” shall be exchange of foreign currencies against rupiah through cash purchase/sale (spot) and forward resale/repurchase in a simultaneous manner with the same counterpart and and at a specified and agreed price on transaction date. Swap transaction with tender method is made between Banks and Bank Indonesia may be deemed as pass on of a Bank’s derivative transaction with the Bank’s related party.

Letter g

Self-explanatory.

Number 3

Article 11

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Referred to as “Scripless” shall be issued without any physical SBI and ownership evidence for SBI holder in the form of electronic recording.

Letter d

SBI is negotiable through trade in the secondary market, among others in an outright manner, grant, repurchase agreement (repo), or collateral.

Paragraph (2)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Referred to as “Scripless” means issued without any physical SDBI and ownership evidence for SDBI holder in the form of electronic recording.

Letter d

Self-explanatory.

Letter e

SDBI is negotiable through trade in the secondary market, among others in an outright manner, grant, repurchase agreement (repo), or collateral.

Article 12

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Referred to as another party, among others, is Sub-Registry.

Article 13

Paragraph (1)

SBI transactions with other parties shall include, among others include repurchase agreement (repo) transaction, outright sale, loan, grant, and collateralization.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 13A

Paragraph (1)

Referred to as making SDBI transactions shall include among others include sale/purchase in an outright manner, loan, grant, repurchase agreement (repo), or collateral grant/receipt.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

SDBI redemption prior to the maturity as a result of SDBI transactions with parties other than Bank is made without the approval of SDBI owner.

Article 14

Paragraph (1)

Self-explanatory.

Paragraph (2)

SBI and SDBI redemption prior to the maturity is made on the initiative of Bank Indonesia based on considerations related to monetary management strategies.

Number 4

Article 21A

Self-explanatory.

Article II

Self-explanatory.

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA
NUMBER 5440